

West Bloomfield Township Public Library

**Financial Report
with Supplemental Information
March 31, 2008**

West Bloomfield Township Public Library

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Plante & Moran, PLLC
Suite 400
1000 Oakbrook Drive
Ann Arbor, MI 48104
Tel: 734.665.9494
Fax: 734.665.0664
plantemoran.com

Independent Auditor's Report

To the Board of Directors
West Bloomfield Township
Public Library

We have audited the accompanying financial statements of governmental activities, each major fund, and the aggregate remaining fund information of West Bloomfield Township Public Library (a component unit of the Charter Township of West Bloomfield) (the "Library") as of and for the year ended March 31, 2008, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of West Bloomfield Township Public Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of West Bloomfield Township Public Library as of and for the year ended March 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedule, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

July 30, 2008

West Bloomfield Township Public Library

Management's Discussion and Analysis

This discussion and analysis of West Bloomfield Township Public Library's (the "Library") financial performance provides an overview of the Library's financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the Library's financial statements.

Using this Annual Report

The General Fund is presented on the modified-accrual basis of accounting, which is a short-term view that tells us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. This information is then adjusted to the full-accrual basis to present a longer-term view of the Library as a whole. This longer-term view uses the full-accrual basis of accounting so that it can measure the true cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing library services.

The General Fund modified-accrual basis financial statements provide detailed information about the Library's current financial resources. This information is important as it demonstrates compliance with various state laws and shows the stewardship of the Library's annual property tax and other revenue.

The Library's full-accrual basis financial statements present information about the Library's total economic resources, including long-lived assets and long-term obligations. This information is important as it recognizes the long-term ramifications of decisions made by the Library on an ongoing basis.

Condensed Financial Information (Full-accrual Basis)

The following table below shows key financial information in a condensed format:

TABLE I	March 31	
	2008	2007
Assets		
Current assets	\$ 8,680,088	\$ 7,745,617
Capital assets	14,624,831	14,986,485
Total assets	23,304,919	22,732,102
Liabilities		
Current liabilities	1,213,582	1,146,546
Other noncurrent liabilities	3,413,562	4,189,182
Total liabilities	4,627,144	5,335,728
Net Assets		
Investment in capital assets	10,649,831	10,236,485
Unrestricted	8,027,944	7,159,889
Total net assets	<u>\$ 18,677,775</u>	<u>\$ 17,396,374</u>

West Bloomfield Township Public Library

Management's Discussion and Analysis (Continued)

TABLE 2

	Year Ended March 31	
	2008	2007
Revenue		
Property taxes	\$ 5,910,798	\$ 5,709,218
Other	817,178	729,912
Total revenue	6,727,976	6,439,130
Expenses - Library services	5,446,574	5,059,065
Change in Net Assets	<u><u>\$ 1,281,402</u></u>	<u><u>\$ 1,380,065</u></u>

Full-accrual Analysis

The full-accrual statement of activities shows an increase in net assets of \$1,281,402. This reflects that taxpayers, current users, and supporters of the Library's services and facilities have paid the full cost of operating the Library, even after consideration of the depreciation of long-lived assets and the recognition of future obligations.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations and future capital projects, total \$8,027,944. Unrestricted net assets increased during the year by \$868,055, which is consistent with the decrease in the principal balance of the Library's capital lease obligation to West Bloomfield Township.

Modified-accrual Analysis

The General Fund pays for all of the Library's services. The most significant are personnel and related staffing expenses of \$2,362,721, which account for 52 percent of the total operating expenditures. Capital outlay of \$977,696 includes purchases of books, media in a variety of formats, magazines, newspapers, and total 22 percent of the total operating expenditures. Transfers totaling \$1,997,970 were made to the Debt Service Fund to pay the current year portion of the capital lease payable to West Bloomfield Township and the other funds, such as the Capital Improvements and Automation Develop Fund, to pay for future capital projects and obligations, such as future replacement of carpeting, parking lot, furniture, roofing, HVAC equipment, computers and other related information technology equipment, etc. After transfers, fund balance in the General Fund increased by \$177,709 in fiscal year 2007/2008. Total governmental fund balance increased by \$837,969. Fund balance increased \$697,818 in fiscal year 2006/2007.

West Bloomfield Township Public Library

Management's Discussion and Analysis (Continued)

Budgetary Highlights

As required by State of Michigan law, the Library amended the budget to take into account events during the year.

In the General Fund, operating income exceeded the budgeted amount by \$177,709. The Library has traditionally budgeted revenue to equal expenditures, with excess monies transferred to other funds in order to accumulate fund balance for future capital replacement and improvements, both planned and unforeseen, per Library board established financial guidelines.

Actual expenditures were \$129,971 less than the budget for the year, primarily due to savings on salaries and benefits for unpaid leaves of absence and transitional time between position vacancies.

Capital Asset and Debt Administration

At the end of 2008, the Library had \$14,624,831 invested in a broad range of capital assets, including buildings, collections, furniture, and equipment (see Note 6 to the financial statements).

The Library continues to make its annual debt service payments to West Bloomfield Township for the capital lease obligation related to construction cost for the renovation and expansion of the Library's Main and Westacres branches. As of March 31, 2008, the outstanding balance is \$3,975,000.

Since West Bloomfield Township Public Library does not have bonding authority, the West Bloomfield Township Building Authority handles such matters on behalf of the Library. The Township currently holds an AA credit rating with Standard and Poor's.

Economic Factors and Next Year's Budget

The Library will continue, in the 2008/2009 budget, its tradition of budgeting revenue to equal expenditures, with excess monies transferred to other funds in order to provide for future large-scale capital replacement and improvements. For the Library's 2008/2009 budget, operational expenditure increases generally reflect expected inflation of approximately 5 percent.

In the coming year, the Library plans to increase the amount spent on capital outlay in order to expand the collection of circulating materials to meet continued user demand. The circulation of materials continues to increase at both facilities. New books, large print books, homework support books, and all media formats are areas targeted for increase in the coming fiscal year.

West Bloomfield Township Public Library

Management's Discussion and Analysis (Continued)

The Library also plans to install a digital security surveillance camera system at both facilities based on recommendations provided by the West Bloomfield police department, which was delayed from the previous fiscal year. The Library will undergo a major capital maintenance project in both facilities in the coming fiscal year including brick paver repair at the east side of the Main Library, painting throughout both facilities, woodworking refinishing in damaged areas at both facilities, carpet replacement in selected high traffic areas at the Main Library, ceramic and slate tile replacement in damaged areas within the casual study and lobby of the Main Library, toilet partition replacement at the Main Library, some counter replacement at both facilities, warped wall panel replacement at the Main Library, re-finishing of wood furniture at the Main Library, and re-upholstery of worn furniture at the Main Library. Some additional study and seating furniture will be purchased for the Main Library. Cost incurred for the security camera system and capital maintenance project will be paid for through the Capital Improvement and Automation Development Fund.

As part of the computer replacement schedule, the public computers at the Main Library and checkout machines at both facilities will be replaced. Replacement of public workstations occurs approximately every four to five years. Four public computers will be added to the youth services area at the Main Library. The software on all public computers at both facilities will be upgraded as well. Cost incurred for the computer replacement/software upgrade will be paid for through the Capital Improvement and Automation Development Fund.

Contacting the Library's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the director, Clara Bohrer, at (248) 682-2120.

West Bloomfield Township Public Library

	Individual Library Funds				
	Major Funds			Nonmajor Funds	
	General Fund	Debt Service Fund - Debt Retirement	Capital Projects		Endowment Fund
			Fund - Capital Improvements and Automation	Accrued Employee Benefits Fund	
Assets					
Cash and cash equivalents (Note 4)	\$ 8,279,347	\$ -	\$ -	\$ -	\$ -
Receivables:					
Property taxes (Note 1)	386,372	-	-	-	-
Other	14,369	-	-	-	-
Other assets	-	-	-	-	-
Due from General Fund/internal balances	-	947,245	3,290,303	397,061	162,146
Capital assets not being depreciated (Note 6)	-	-	-	-	-
Capital assets being depreciated (Note 6)	-	-	-	-	-
Total assets	\$ 8,680,088	\$ 947,245	\$ 3,290,303	\$ 397,061	\$ 162,146
Liabilities					
Accounts payable	\$ 197,636	\$ -	\$ -	\$ -	\$ -
Accrued and other liabilities	81,401	-	-	-	-
Long term debt - Current portion (Note 7)	-	-	-	-	-
Deferred revenue	482,084	-	-	-	-
Due to other funds/internal balances	4,796,755	-	-	-	-
Long term debt - Net of current portion (Note 7)	-	-	-	-	-
Total liabilities	5,557,876	-	-	-	-
Fund Balances - Unreserved - Designated (Note 5)	3,122,212	947,245	3,290,303	397,061	162,146
Total liabilities and fund balances	\$ 8,680,088	\$ 947,245	\$ 3,290,303	\$ 397,061	\$ 162,146
Net Assets					
Invested in capital assets net of related debt					
Unrestricted					
Total net assets					

Individual Funds Balance Sheets/Statement of Net Assets
March 31, 2008

Library as a		
Whole		
Total - Modified- accrual Basis	GASB No. 34 Adjustments (Note 2)	Statement of Net Assets - Full- accrual Basis
\$ 8,279,347	\$ -	\$ 8,279,347
386,372	-	386,372
14,369	-	14,369
-	-	-
4,796,755	(4,796,755)	-
-	143,593	143,593
-	14,481,238	14,481,238
\$ 13,476,843	9,828,076	23,304,919
\$ 197,636	-	197,636
81,401	63,833	145,234
-	775,000	775,000
482,084	(386,372)	95,712
4,796,755	(4,796,755)	-
-	3,413,562	3,413,562
5,557,876	(930,732)	4,627,144
7,918,967	(7,918,967)	-
\$ 13,476,843		
	10,649,831	10,649,831
	8,027,944	8,027,944
	\$ 18,677,775	\$ 18,677,775

West Bloomfield Township Public Library

	Individual Library Funds				
	Major Funds		Nonmajor Funds		
	General Fund	Debt Service Fund - Debt Retirement	Capital Projects Fund - Capital Improvements and Automation	Accrued Employee Benefits Fund	Endowment Fund
Revenue					
Property tax (Note 1)	\$ 5,896,509	\$ -	\$ -	\$ -	\$ -
State aid	61,402	-	-	-	-
Charges for services	171,844	-	-	-	-
Fines and fees	163,443	-	-	-	-
Penal fines	107,860	-	-	-	-
Interest	237,826	-	-	-	-
Contributions	59,957	-	-	-	-
Miscellaneous	14,846	-	-	-	-
Total revenue	6,713,687	-	-	-	-
Expenditures					
Personnel services	2,362,721	-	-	-	-
Supplies	112,360	-	-	-	-
Professional and contractual	391,639	-	-	-	-
Communications	12,470	-	-	-	-
Staff development	43,554	-	-	-	-
Community promotion	45,002	-	-	-	-
Insurance and bonds	49,752	-	-	-	-
Utilities	245,945	-	-	-	-
Repairs and maintenance and automation purchases	283,957	-	-	-	-
Rentals	7,333	-	-	-	-
Online reference	5,579	-	-	-	-
Contributions to retiree health fund	-	-	-	250,000	-
Capital outlay	977,696	-	104,723	-	-
Depreciation	-	-	-	-	-
Lease payment on West Bloomfield Township Building Authority bonds (Note 7)	-	982,987	-	-	-
Total expenditures	4,538,008	982,987	104,723	250,000	-
Excess of Revenue Over (Under) Expenditures	2,175,679	(982,987)	(104,723)	(250,000)	-
Other Financing Sources (Uses)					
Operating transfers in	-	946,713	887,677	112,882	50,210
Operating transfers out	(1,997,482)	-	-	-	-
Total other financing sources (uses)	(1,997,482)	946,713	887,677	112,882	50,210
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	178,197	(36,274)	782,954	(137,118)	50,210
Fund Balance/Net Assets - Beginning of year	2,944,015	983,519	2,507,349	534,179	111,936
Fund Balance/Net Assets - End of year	\$ 3,122,212	\$ 947,245	\$ 3,290,303	\$ 397,061	\$ 162,146

**Individual Funds Statements of Revenue, Expenditures, and Changes
in Fund Balance/Statement of Activities
Year Ended March 31, 2008**

		Library as a Whole	
Total - Modified- accrual Basis	GASB No. 34 Adjustments (Note 2)	Statement of Activities - Full- accrual Basis	
\$ 5,896,509	\$ 14,289	\$ 5,910,798	
61,402	-	61,402	
171,844	-	171,844	
163,443	-	163,443	
107,860	-	107,860	
237,826	-	237,826	
59,957	-	59,957	
14,846	-	14,846	
6,713,687	14,289	6,727,976	
2,362,721	(620)	2,362,101	
112,360	-	112,360	
391,639	-	391,639	
12,470	-	12,470	
43,554	-	43,554	
45,002	-	45,002	
49,752	-	49,752	
245,945	-	245,945	
283,957	-	283,957	
7,333	-	7,333	
5,579	-	5,579	
250,000	-	250,000	
1,082,419	(765,282)	317,137	
-	1,126,936	1,126,936	
982,987	(790,178)	192,809	
5,875,718	(429,144)	5,446,574	
837,969	443,433	1,281,402	
1,997,482	(1,997,482)	-	
(1,997,482)	1,997,482	-	
-	-	-	
837,969	443,433	1,281,402	
7,080,998	10,315,375	17,396,373	
\$ 7,918,967	\$ 10,758,808	\$ 18,677,775	

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 1 - Summary of Significant Accounting Policies

The accounting policies of West Bloomfield Township Public Library (the "Library") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Library:

Reporting Entity

The Library, a component unit of the Charter Township of West Bloomfield, is governed by an autonomous six-member board of trustees elected on a non-partisan basis under Michigan Public Act 164. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in the Library's financial report.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Library's basic financial statements include both the Library as a whole and its individual fund financial statements.

Library as a Whole Financial Statements

The Library as a whole financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting, which is described below.

Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in two parts: invested in capital assets, net of related debt and unrestricted net assets.

The statement of activities includes depreciation on long-term assets and eliminates capital outlay expense. Debt service expense is eliminated as the outstanding debt balance is reduced on the statement of net assets.

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

As a general rule, the effect of interfund activity has been eliminated from the library-wide financial statements.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in the library-wide statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

Fund Financial Statements

The Library's individual fund financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting, which is described below.

Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to debt service, compensated absences, and claims and judgments are recorded only when payment is due. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Library's policy is to first apply restricted resources.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. All other revenue items are considered to be available only when cash is received by the Library.

The Library reports the following major governmental funds:

General Fund - The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library, except those required to be accounted for in another fund.

Debt Service Fund - Debt Retirement Fund - The Debt Retirement Fund is used to account for the annual payments of principal, interest, and expenses in connection with the Library facility renovation and addition.

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Projects Fund - Capital Improvements and Automation - The Capital Improvements and Automation Fund accounts for certain capital improvements and automation expenditures designated by the Library board that are intended to be funded by amounts periodically set aside from the Library General Fund.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds."

Property Taxes - Property tax receivables are shown as net of allowance for uncollectible amounts, if deemed necessary. Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The 2007 taxable valuation of the Library totaled approximately \$4.2 billion, on which ad valorem taxes levied consisted of 1.4230 mills for the Library's operating purposes. The ad valorem taxes levied raised approximately \$5,904,000 for operations which is recognized in the General Fund financial statements as tax revenue.

Capital Assets - Capital assets are defined by the Library as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, furniture and equipment, and library books, periodicals, and videos are depreciated using the straight-line method over the following useful lives:

Buildings	50 years
Building improvements	20 years
Shelving	15 years
Furniture	10 years
Equipment	8 years
Library collection	7 years
Computers	5 years

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Revenue - At March 31, 2008, there was \$386,372 of property taxes that were billed and are expected to be collected during the year ending March 31, 2009. That amount has been recorded as deferred revenue since the amount was not available for use to finance operations as of year end.

The Library received \$95,712 of service contract revenue during the year ended March 31, 2008 that will be earned and recorded as revenue during the year ending March 31, 2009. That amount has been recorded as deferred revenue as of March 31, 2008.

Compensated Absences (Vacation and Sick Leave) - It is the Library's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation and sick pay is accrued when incurred in the library-wide financial statements. A liability for these amounts is reported in governmental funds only for eligible employee terminations as of year end.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. In the fund financial statements, debt service payments are recognized during the current period. The face amount of debt issued is reported as other financing sources.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 2 - Reconciliation of the Library as a Whole and the Individual Fund Financial Statements

Total fund balances and the net change in fund balances of the Library's individual funds differ from net assets and change in net assets of the Library as a whole reported in the statement of net assets and statement of activities. This difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the current focus of the statement of the individual governmental funds' balance sheets and statements of revenue, expenditures, and change in fund balance. The following is a reconciliation of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total Fund Balance - Modified Accrual Basis	\$ 7,918,967
Amounts reported in the statement of net assets are different because:	
Capital assets are not financial resources and are not reported in the funds	14,624,831
Deferred revenue is recorded in the funds for property tax revenue not available within 30 days of year end	386,372
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(3,975,000)
Compensated absences are included as a liability	(213,562)
Interest payments on long-term liabilities are not due and payable in the current period and are not reported in the funds	(63,833)
Total Net Assets - Full Accrual Basis	<u>\$ 18,677,775</u>

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 2 - Reconciliation of the Library as a Whole and the Individual Fund Financial Statements (Continued)

Net Change in Fund Balances - Modified Accrual Basis \$ 837,969

Amounts reported in the statement of activities are different because:

Governmental funds report capital outlays as expenditures in the statement of activities; these costs are allocated over their estimated useful lives as depreciation:

Library books and audiovisual materials	936,223
Capital outlay	100,586
Depreciation	(1,126,936)
Loss on disposal of assets is not recorded in the funds	(271,527)

Revenue is not recorded in the funds for property taxes collected more than 30 days after year end	14,289
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Decrease in accrued interest reported as a reduction to interest expense in the statement of activities, but not in the fund statements	15,178
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Capital lease payments are reported as an expenditure in the fund statements, but not in the statement of activities (where it reduces long-term debt)	775,000
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Decrease in the accrual for long-term compensated absences reported as an expenditure in the statement of activities but not in the fund financial statements	620
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Change in Net Assets - Full Accrual Basis \$ 1,281,402

Note 3 - Budget Information

The annual budget is prepared and adopted by the Library board and subsequent amendments are approved by the Library board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at March 31, 2008 has not been calculated. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, except that operating transfers have been budgeted in revenue and expenditures rather than as other financing sources and uses. During the current year, the budget was amended in a legally permissible manner.

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 3 - Budget Information (Continued)

The budget has been adopted on an object basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund can be found in the required supplemental information section. The Library does not prepare a budget for the other funds.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, there were no expenditures in excess of the amounts budgeted.

Note 4 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Library has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Library's deposits and investment policies are in accordance with statutory authority.

The Library's cash and investments are subject to two types of risk, which are examined in more detail below:

West Bloomfield Township Public Library

Notes to Financial Statements
March 31, 2008

Note 4 - Deposits and Investments (Continued)

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the Library had \$110,230 of bank deposits that were uninsured and uncollateralized. The Library evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Library has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Governmental investment pool	\$ 8,112,270	A1, P1	Moody's, S&P

Note 5 - Designated Fund Balances

The West Bloomfield Township Public Library board has designated all of the General Fund's fund balance for future expenditures (to provide sufficient working capital to operate the Library from the beginning of its fiscal year, April 1, until property taxes are received in December) and has designated the Capital Improvements and Automation Fund's fund balance for future capital needs. In addition, the fund balances of the Accrued Employee Benefits Fund, Endowment Fund, and the Debt Retirement Fund are designated for employee benefits, endowment projects, and debt retirement, respectively.

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 6 - Capital Assets

Capital asset activity of the Library was as follows:

	Balance April 1, 2007	Additions	Disposals and Adjustments	Balance March 31, 2008
Capital assets not being depreciated -				
Land and land improvements	\$ 143,593	\$ -	\$ -	\$ 143,593
Capital assets being depreciated:				
Building and improvements	13,817,385	-	-	13,817,385
Computers, furniture, and equipment	2,352,927	100,586	(236)	2,453,277
Library books and audiovisual materials	<u>5,113,692</u>	<u>936,223</u>	<u>(600,103)</u>	<u>5,449,812</u>
Subtotal	21,284,004	1,036,809	(600,339)	21,720,474
Accumulated depreciation:				
Building and improvements	(1,997,313)	(308,621)	-	(2,305,934)
Computers, furniture, and equipment	(1,171,396)	(304,028)	-	(1,475,424)
Library books and audiovisual materials	<u>(3,272,403)</u>	<u>(514,287)</u>	<u>328,812</u>	<u>(3,457,878)</u>
Total accumulated depreciation	<u>(6,441,112)</u>	<u>(1,126,936)</u>	<u>328,812</u>	<u>(7,239,236)</u>
Net capital assets being depreciated	<u>14,842,892</u>	<u>(90,127)</u>	<u>(271,527)</u>	<u>14,481,238</u>
Net capital assets	<u>\$ 14,986,485</u>	<u>\$ (90,127)</u>	<u>\$ (271,527)</u>	<u>\$ 14,624,831</u>

Capital assets, including library books, are recorded at cost. Depreciation expense was \$1,126,936 for the year ended March 31, 2008.

Note 7 - Long-term Debt

Outstanding Debt

The long-term debt of the Library consists of accumulated employee benefits of \$213,562 and a contractual lease obligation with West Bloomfield Township for the Library building with an outstanding principal balance of \$3,975,000 as of March 31, 2008. Accrued interest payable on the lease obligation as of March 31, 2008 was \$63,833.

The terms of the capital lease with West Bloomfield Township call for the Library to make the scheduled principal and interest payments on the general obligation bonds issued by the Township in 1997. The original bond issue totaled \$10,850,000. The bonds bear interest at rates between 4.7 percent and 4.8 percent and mature through 2012. The current portion of the outstanding principal balance is \$775,000 as of March 31, 2008.

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 7 - Long-term Debt (Continued)

The accumulated employee benefits represent the estimated liability to be paid to employees under the Library's vacation and sick pay policy. Under the Library's policy, employees earn vacation and sick time based on time of service with the Library.

Changes in Long-term Debt

The following is a summary of long-term debt transactions of the Library for the year ended March 31, 2008:

	Remaining Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital lease obligation with West Bloomfield Township for the Library building:						
Original issue: \$10,850,000						
Maturing through 2012	4.7%-4.8%	\$ 4,750,000	\$ -	\$ (775,000)	\$ 3,975,000	\$ 775,000
Compensated absences		<u>214,182</u>	<u>-</u>	<u>(620)</u>	<u>213,562</u>	<u>-</u>
Total long-term debt		<u>\$ 4,964,182</u>	<u>\$ -</u>	<u>\$ (775,620)</u>	<u>\$ 4,188,562</u>	<u>\$ 775,000</u>

Debt Service Requirements

Annual debt service requirements to service all debt outstanding (excluding compensated absences) including both principal and interest, as of March 31, 2008, are as follows:

Fiscal Year Ending March 31	Principal	Interest	Total
2009	\$ 775,000	\$ 171,413	\$ 946,413
2010	800,000	134,200	934,200
2011	800,000	96,000	896,000
2012	800,000	49,200	849,200
2013	<u>800,000</u>	<u>27,600</u>	<u>827,600</u>
Total	<u>\$ 3,975,000</u>	<u>\$ 478,413</u>	<u>\$ 4,453,413</u>

Interest

Total interest incurred for the Library for the year was approximately \$208,000.

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 8 - Risk Management

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library has purchased commercial insurance for workers' compensation, health, and disability claims, and participates in the state pool program of the Michigan Municipal Risk Management Authority for claims relating to general liability and property. The Library is uninsured for unemployment claims. There were no claims made during the fiscal year ended March 31, 2008 and the Library has no liability as of March 31, 2008 for unemployment claims incurred to date. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority state pool program operates as a common risk-sharing management program. Member premiums are used to purchase excess insurance, which is partly underwritten by the Authority.

Note 9 - Defined Contribution Retirement Plan

The Library provides pension benefits to certain full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year of service. Participating employees are required to contribute 5 percent of their gross earnings. As established by the West Bloomfield Township Library Pension Trust, the Library makes a discretionary contribution of 10 percent of employee gross earnings. In accordance with these requirements, the Library contributed approximately \$112,600 during the current year, and the employees contributed approximately \$56,300.

Note 10 - Postemployment Benefits

The Library provides postemployment healthcare benefits to all full-time employees hired before December 11, 2006 who retire at age 62 with 20 or more years of continuous full-time service. For employees hired after December 11, 2006, 25 years of continuous full-time service is required to receive the benefit. Currently, one employee is eligible. The Library included pre-Medicare retirees in its insured healthcare plan with no contribution required by the participant. The Library purchases Medicare supplemental insurance for retirees eligible for Medicare. Expenditures for postemployment healthcare benefits are recognized as the insurance premiums become due. During the year, this amounted to approximately \$14,100.

West Bloomfield Township Public Library

Notes to Financial Statements March 31, 2008

Note 10 - Postemployment Benefits (Continued)

During the year ended March 31, 2008, the Library enrolled in the Municipal Employees' Retirement System of Michigan (MERS) healthcare plan, an agent multiple employer defined benefit plan. The Library has no obligation to make contributions in advance of when the insurance premiums are due for payment. However, the Library made a \$250,000 contribution to advance-fund these benefits, as determined by the Library board through annual budget resolutions.

Upcoming Reporting Change - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the Library as a whole to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending March 31, 2010.

Required Supplemental Information

West Bloomfield Township Public Library

Required Supplemental Information Budgetary Comparison Statement General Fund Year Ended March 31, 2008

	Original Budget	Amended Budget	Actual	Favorable (Unfavorable) Variance with Amended Budget
Revenues				
Property taxes	\$ 5,789,264	\$ 5,896,000	\$ 5,896,509	\$ 509
State aid	50,000	61,400	61,402	2
Contract for services	148,000	167,000	171,844	4,844
Fines and fees	151,000	148,200	163,443	15,243
Penal fines	100,000	107,850	107,860	10
Interest	100,000	218,830	237,826	18,996
Endowment gifts	-	59,469	59,957	488
Miscellaneous	300	7,200	14,846	7,646
Total revenues	6,338,564	6,665,949	6,713,687	47,738
Expenditures				
Personnel services	2,514,411	2,376,135	2,362,721	13,414
Supplies	135,585	118,360	112,360	6,000
Professional and contractual services	502,875	414,600	391,639	22,961
Communications	20,800	14,500	12,470	2,030
Staff development and transportation	60,140	53,000	43,554	9,446
Community promotion	82,150	50,000	45,002	4,998
Insurance and bonds	55,000	55,000	49,752	5,248
Utilities	277,000	273,500	245,945	27,555
Repairs and maintenance	338,540	302,200	283,957	18,243
Rentals	7,600	7,600	7,333	267
Online cataloging services	11,100	6,000	5,579	421
Capital outlay	993,518	997,572	977,696	19,876
Transfers to other funds	1,339,845	1,997,482	1,997,482	-
Total expenditures	6,338,564	6,665,949	6,535,490	130,459
Excess of Revenue Over Expenditures	-	-	178,197	178,197
Fund Balance - Beginning of year	2,944,015	2,944,015	2,944,015	-
Fund Balance - End of year	<u>\$ 2,944,015</u>	<u>\$ 2,944,015</u>	<u>\$ 3,122,212</u>	<u>\$ 178,197</u>

**West Bloomfield Township
Public Library**

**Report to the Library Board of Trustees
March 31, 2008**



Plante & Moran, PLLC
Suite 400
1000 Oakbrook Drive
Ann Arbor, MI 48104
Tel: 734.665.9494
Fax: 734.665.0664
plantemoran.com

To the Finance Committee of
the Board of Trustees
West Bloomfield Township
Public Library

We have recently completed our audit of the basic financial statements of West Bloomfield Township Public Library (the "Library") for the year ended March 31, 2008. In addition to our audit report, we are providing the following letter of increased audit communications, required audit communication, summary of unrecorded possible adjustments, recommendations, and informational comments which impact the Library:

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Report on Internal Control	1-2
Required Audit Communication of Significant Findings	3-5

We are grateful for the opportunity to be of service to West Bloomfield Township Public Library. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

July 30, 2008

July 30, 2008

To the Finance Committee of
the Board of Trustees
West Bloomfield Township
Public Library

Dear Committee Members:

Beginning with last year's audit, national auditing standards call for auditors to communicate matters to the governing body that may be useful in its oversight of West Bloomfield Township Public Library's (the "Library") financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor, in order to allow it to evaluate their significance, and make any changes it may deem appropriate. In general, these are items that would have been discussed orally with management in the past. The purpose of these new standards is to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this report on internal control will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the financial statements of the Library as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Library's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal controls over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the following to be a significant deficiency in internal control:

To the Finance Committee of
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West Bloomfield Township
Public Library

- Capital asset depreciation schedules provided by the Library to the audit team were not accurate due to difficulties with the software. Once the audit team pointed out the problems, Library staff contacted the software developer, implemented the corrections, and provided accurate schedules to be audited.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies that we consider to be material weaknesses, as defined above.

We would like to thank Clara Bohrer and the Library staff for the cooperation extended to us during the audit.

Very truly yours,

Plante & Moran, PLLC



David H. Helisek



Brian J. Camiller

To the Finance Committee of
the Board of Trustees
West Bloomfield Township
Public Library

We have audited the financial statements of West Bloomfield Township Public Library (the "Library") for the year ended March 31, 2008 and have issued our report thereon dated July 30, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 2, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Library. Our consideration of internal controls was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal controls.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on April 16, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Library are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2008.

To the Finance Committee of
the Board of Trustees
West Bloomfield Township
Public Library

We noted no transactions entered into by the Library during the year for which there is a lack of authoritative guidance or consensus

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the estimated useful lives of capital assets.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

There were no significant difficulties encountered during the audit.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management's Representations

We have requested certain representations from management that are included in the management representation letter dated July 30, 2008.

To the Finance Committee of
the Board of Trustees
West Bloomfield Township
Public Library

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Library's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

In the normal course of our professional association with the Library, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Library, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as the Library's auditors.

This information is intended solely for the use of the board of trustees and management of West Bloomfield Township Public Library and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC



David H. Helisek



Brian J. Camiller